

**2002-2003**

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**OPERATING BUDGET**

**CITY  
SERVICE AREAS**

# City Service Areas

## *City Service Areas*

**Aviation Services**

**Economic & Neighborhood  
Development**

**Environmental & Utility Services**

**Public Safety**

**Recreation & Cultural Services**

**Transportation Services**

**Strategic Support:**

**City Facilities and Equipment**

**Employee Services**

**Finance and Technology**

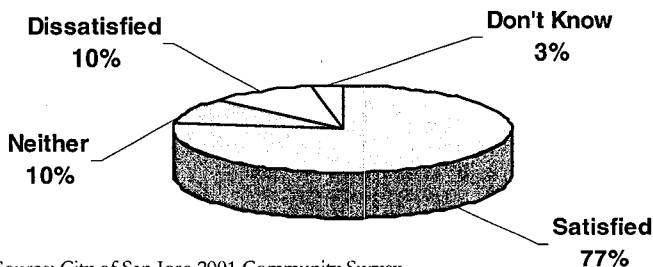
## **What is a City Service Area?**

City Service Areas (CSAs) integrate services provided in individual departments into the City's six key lines of business — Aviation, Economic and Neighborhood Development, Environmental and Utility Services, Public Safety, Recreation and Cultural Services and Transportation. An additional CSA, referred to as "Strategic Support," represents the internal functions that enable the other six CSAs to provide services to the community. These cross-departmental CSAs provide a forum for strategic planning, for setting policies and for making investment decisions. Plans, policies, and investment decisions at the CSA level are then carried out through departmental core and operational services (see Service Delivery Framework graphic on the next page).

## **Outline of Narratives**

The CSA section of the 2002-2003 Adopted Operating Budget provides a high level summary of trends, issues and opportunities driving the City's investment decisions. Each CSA discussion is based on the CSA's five-year Business Plan that identifies desired outcomes and sets goals toward achieving the outcomes. Tables within each CSA discussion illustrate the outcomes, goals, and performance measures used to track progress. The tables are accompanied by a discussion of the actions the CSA is taking this year toward achieving the goals. Each CSA section ends with a listing of all investments approved in that CSA for 2002-2003 by outcomes and by core services.

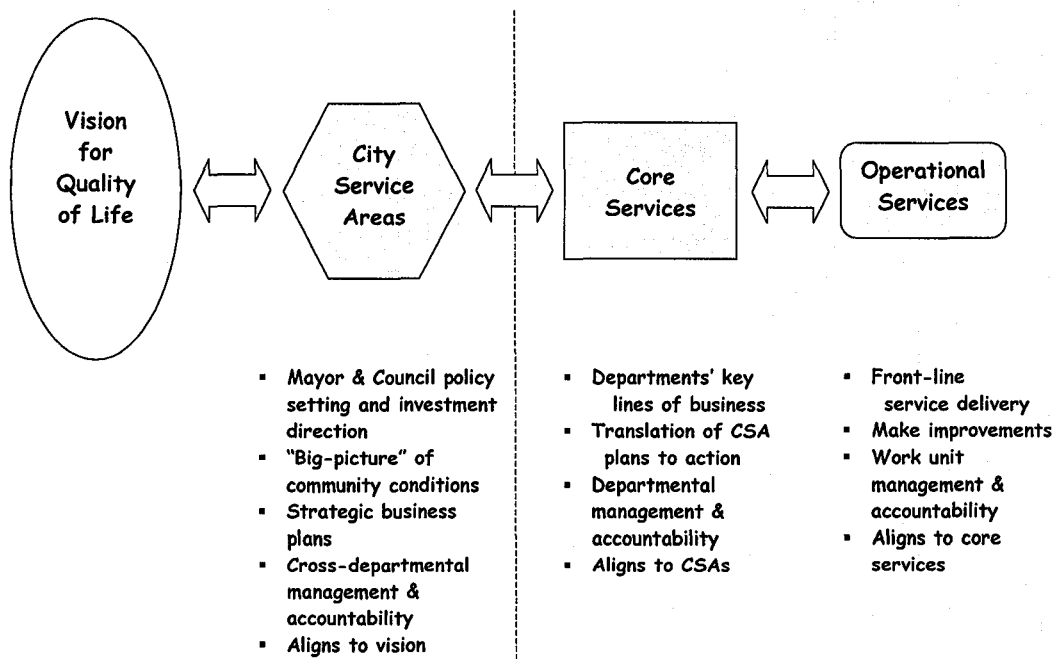
### **San Jose Residents' Perception of Overall Quality of San Jose City Services**



Source: City of San Jose 2001 Community Survey

Other common information presented in each CSA section includes a listing of the City departments, referred to as "Partners," that are accountable for the core services in the CSA. All of the core services contributing to each CSA are listed on the recommended investments page.

## Investing in Results City of San Jose's Service Delivery Framework



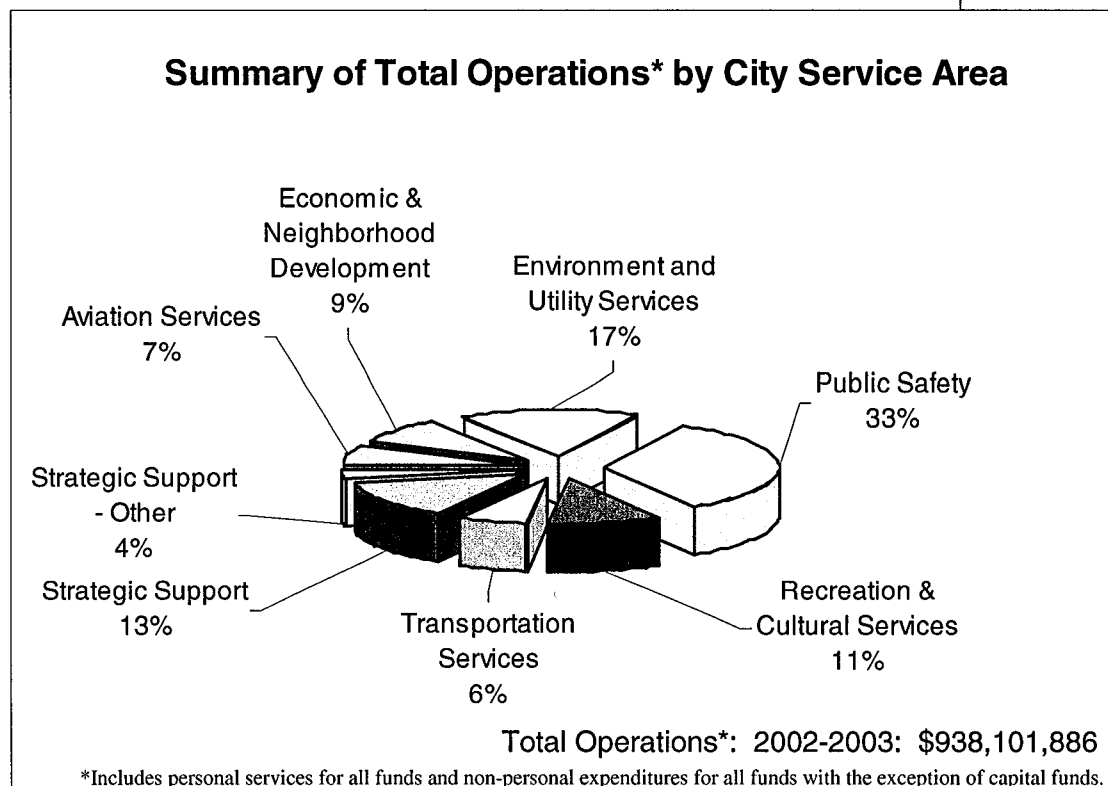
### Customer-Focused and Results-Driven Service Delivery

The City is entering the fourth year of an initiative called "Investing in Results (IiR)." IiR involves building a framework to help the City be customer-focused and results-driven in delivering services to the community. At every step of the way, the focal point of IiR is meeting customer needs. We have checked in with our customers, using focus groups, to verify both descriptions of City services and the performance measures that are used to measure service results. On an ongoing basis, we seek feedback from customers receiving direct services from the City through customer surveys. And, we conduct periodic community-wide surveys on the quality of city services from a broader perspective. Examples of how the City is translating this customer-focused framework into action include the Customer Service Call Center and the Strong Neighborhoods Initiative, both of which improve the City's ability to understand and respond to our customers.

## Resource Allocation by City Service Area

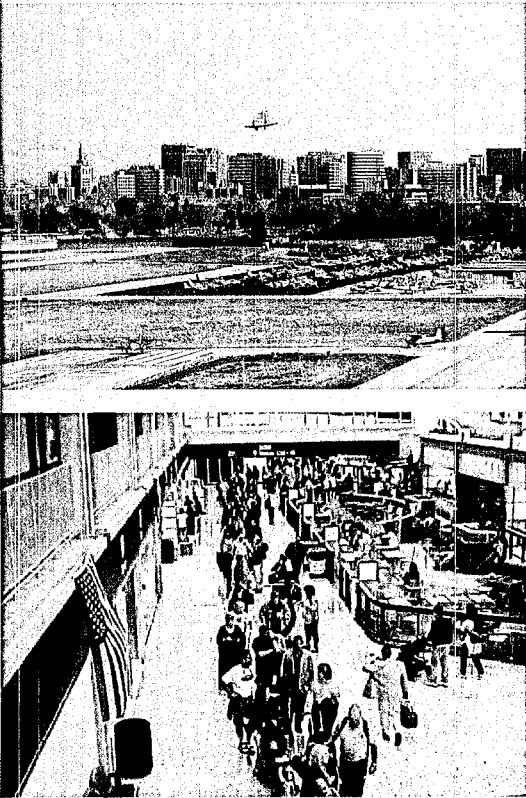
The 2002-2003 Adopted Operating Budget represents the City's first complete performance-based budget. In the prior two years of *Investing in Results* (IiR), the City's operating budgets presented and discussed budget augmentations and reductions based on performance and according to the new core service and City Service Area (CSA) structure. This year, the "base budget" has been allocated to core services. Thus, each core service section in the 2002-2003 Adopted Operating Budget presents the total operating allocations within the department that contribute to that core service. This represents a key milestone in the integration of accounting, budgeting, and payroll systems with the CSA/core service structure.

At the CSA level, it is possible for the first time to present the City's total operating resource investment by CSA. The chart below shows the total adopted allocations for each CSA. The total allocation include personal services for all funds and non-personal/equipment expenditures for all funds with the exception of capital funds.





# *City Service Area* **Aviation Services**



## ***Primary Partners***

**Airport**

**Public Works**

**Police Department**

**Office of Economic Development**

**Conventions, Arts and Entertainment**

**Fire Department**

***Mission:*** To meet the air transportation needs of the community in a safe, efficient and cost effective manner.

The Aviation Services City Service Area (CSA) is responsible for operating and developing the Mineta San Jose International Airport in a manner that effectively meets the region's air transportation needs while minimizing the impact of operations on the community. The CSA strives to operate a user friendly, safe and secure facility, providing quality customer amenities and infrastructure to support global air service. The CSA also promotes the Airport as an important Silicon Valley access point and provides stimulus to the local economy through facilities and services. The CSA also seeks to mitigate the detrimental impacts of Airport operations, such as noise, on surrounding neighborhoods through acoustical noise treatment programs and flight monitoring.

The Airport has a number of partners that assist and support operations and services. Chief among these are the San Jose Police Department, which provides law enforcement services and the Fire Department, which provides life safety, fire code enforcement and hazardous materials management. The Airport also partners with the Department of Public Works, which provides construction services, and critical assistance in the development of capital infrastructure improvements. The Office of Economic Development and Convention, Arts and Entertainment Department partner to promote San Jose as the access point to the region for both business and leisure travelers.

The focus of activities in the Aviation Services CSA during 2002-2003 is to provide the best possible service to the community. The CSA and our various partners will also strive to meet the expanded need for Airport facilities and services related to the new security mandates put in place after September 11, 2001.

## **CSA OUTCOMES**

- The Airport is the region's first choice for air transportation services
- Travelers have a positive guest experience while using the Airport
- Businesses consider the Airport as a partner in supporting the success of the regional economy
- The Airport is considered to be a "good neighbor" by the community

# Investment Strategy

*"The Aviation City Service Area (CSA) faces numerous challenges as it attempts to meet the community's air service needs."* Only a year ago that statement began the Aviation Services CSA section. Little did we know that even greater challenges were ahead. The events of September 11<sup>th</sup> shocked the world and meant significant changes for the nation's airports, airlines, passengers, and communities. The Norman Y. Mineta San Jose International Airport 2002-2003 Investment Strategy reflects our commitment to meeting these challenges by providing a balance between the need to meet the new service demands while reducing operating and capital program costs. The demands are high but we have gained much by successfully meeting the immediate challenges and are committed to responding to long-term demands from our customers and the community. The goal to maintain a safe, secure and viable Airport continues to be the focus of CSA programs and activities.

The events of September 11<sup>th</sup> and the nation's response have touched nearly every aspect of Airport activity and have injected an unprecedented level of uncertainty into decisions. The 2002-2003 Investment Strategy reflects profoundly altered near-term goals from 2001-2002. As of September 12, the Airport became a more conservative organization, delaying implementation of the long awaited Terminal Development program, to instead maintain existing facilities/operations and implement new security mandates. This more conservative focus is reflected in the 2002-2003 Adopted Budget. While it is anticipated that the Airport will maintain this posture for the foreseeable future, we will continue to re-evaluate programs and opportunities when the full scope of security requirements and passenger recovery levels are better known.

The Aviation Services CSA has incorporated into the budget the following strategic priorities for 2002-2003:

- Regulatory Compliance
- Security
- Customer Efficiencies

- Good Neighbor Support
- Reallocation of Resources
- Reasonable Airline Rates and Charges
- Master Plan Compliance and Implementation

The Adopted Budget strategy for this CSA addresses lower passenger traffic levels while still attempting to provide customers with quality services at reasonable rates. In addition, the Airport has addressed new or expanded service needs, such as additional acoustical treatment for the neighborhoods, increased communication to both internal and external customers, maintenance and operation of the Federal Security Inspection Facility, increased security mandates and increased passenger dwell time in terminal facilities.

In order to address the financial situation resulting from reduced revenues and higher costs, the CSA has sought reductions to existing programs. From that effort 31 vacant positions have been temporarily frozen and are not currently funded. Over \$6 million in non-personal is temporarily reduced from ongoing services. These short-term reductions are necessary to offset the dramatic drop in revenues and keep rates reasonable, while protecting critical customer services and filled positions. It is anticipated that as activity and revenues increase, positions and non-personal funding will be added back to meet the demand for services.

Airports and aviation-related facilities face substantial obstacles over the next one to two years. The Aviation Services CSA will continue to meet the needs for air transportation while aligning expenses with reduced activity-based revenues. In addition, we will prepare for the as yet unknown financial and operational implications resulting from increased security measures. Our vision continues to be to meet customer needs with high levels of safety and service and to create and maintain a positive gateway to the City of San Jose and Silicon Valley.

# Performance by Outcome

## *Outcome 1: The Airport is the region's first choice for air transportation*

5 Year Strategic Goals	CSA Performance Measures	2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A. Community has air services to destinations that they want.	1. % customers able to reach desired destinations from the Airport.	80%	80%	65%	70%
	2. % of regional air service market share.	22%	20%	21%	20%
B. Air service is provided to the community at frequencies that they want.	1. % of customers surveyed rating the frequency of air service as good or excellent.	72%	70%	72%	72%
C. Air cargo services support the business needs of the community.	1. % of regional demand for air cargo services met by SJC.	11%	-	11%	11%

### Air Service Development

The Aviation Services CSA strives to make Mineta San José International Airport the first choice for air transportation in the Bay Area. The CSA attempts to achieve this outcome by providing the facilities and infrastructure to support necessary air service, as well as developing and supporting the appropriate mix of carriers, destinations and frequencies. The CSA is particularly interested in providing the air service necessary to support the Silicon Valley economy, including the cargo service necessary to ship the region's products to the global market.

The reconstruction of Runway 30L scheduled for completion in the fall of 2002, coupled with the opening of Runway 30R in August 2001, provides the Airport with two commercial runways. The Airport is also anticipating the opening of a replacement international arrivals facility in the fall of 2002. These projects will improve safety, efficiency, reliability and customer service at the Airport.

The economic slowdown and terrorist attacks of September 2001 led to the loss of significant air routes at the Airport, particularly the newly initiated international service to

Paris, France and Taipei, Taiwan.

Discontinued domestic routes were primarily to well-served markets; however, long-haul flights to Miami and Cincinnati were also lost.

The 2001-02 estimated percent of customers able to reach desired destinations from the Airport is below the target of 80%, due to air service lost as a result of the events of September 11, as well as the economic slowdown. The CSA has established a 5-year goal of 80% for this measure, however the one-year target has been decreased to account for the delay in reinstatement of air service.

The decrease in passenger activity and the corresponding loss of Airport revenues has led to delays in infrastructure improvements and a temporary reduction in funding dedicated to the development of air service. It is anticipated that this will result in lower passenger satisfaction in the coming fiscal year. In order to meet the goals of this outcome, the Airport will need to find creative ways to obtain new routes, particularly service to international and strategic business markets and continue to plan and develop the infrastructure necessary to support the region's air service needs for the 21<sup>st</sup> Century.



# Performance by Outcome

## *Outcome 2: Travelers have a positive guest experience while using the Airport*

### Airport Guest Experience and Expectations

Customer service demands have changed remarkably since September 11. The challenges faced in the early part of 2001-02 were primarily based on the continuing growth of Airport customers: space constraints, aging infrastructure, limited amenities, traffic back-up, full parking lots, etc. Since September 11, passenger levels have decreased, easing some of the constraints, however expectations have also changed.

Passengers now arrive 2+ hours prior to their flight, almost doubling the time they are at Airport facilities. Airlines are required to, in some cases, hand search bags without the proper space for privacy. Security check point access now requires a process to verify that a passenger is a ticketed guest, and the screening process demands that coats, laptops, electronic devices, and other items be removed and separately screened – increasing the amount of time necessary to screen each passenger by minutes. New security procedures also require restricted access of vehicles parked within 300 feet of the terminal, which has lead to vehicle inspection and tighter parking and curb restrictions. And finally, new security rules

require no non-ticketed passengers beyond the checkpoint. Relatives and friends now have limited room and amenities as they await arriving guests. This is especially problematic at Terminal A.

The CSA has done much to ease these new demands. Security checkpoints have been added, checkpoint lines are managed by staff, sworn law enforcement are assigned at various locations, additional curb and traffic management has been developed, and most importantly, the Airport has worked with airlines and other tenants to ensure that communication channels successfully inform passengers and guests about the new expectations.

Although the Airport continues to face significant challenges, successful implementation of security and communication programs have made a positive difference to customer service. The CSA has been able to accomplish this in part due to the reduction in passengers and operations, but also with the hard work of a fantastic group of employees. The Airport Ambassador program has been critical to our success. This program staffs various locations throughout the terminals during peak travel periods with current Airport

5 Year Strategic Goals	CSA Performance Measures	2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A. Passengers have a positive experience when using the Airport.	1. % of customers rating the Airport amenities as good or excellent, based on availability, quality, and cost.	90%	38%	63%	65%
B. Customers experience reasonable and predictable travel.	1. % of customers rating travel time from the Airport entrances to the terminals as good or excellent.	100%	-	59%	50%
C. Provide facilities necessary to meet the needs of customers, as well as businesses that operate within the Airport.	1. % of customers rating Airport facilities as good or excellent, based upon availability, condition and cleanliness.	90%	75%	78%	65%
	2. % of tenants rating Airport services as good or excellent, based upon facility condition, cleanliness, safety, efficiency and responsiveness.	90%	70%	65%	60%

# Performance by Outcome

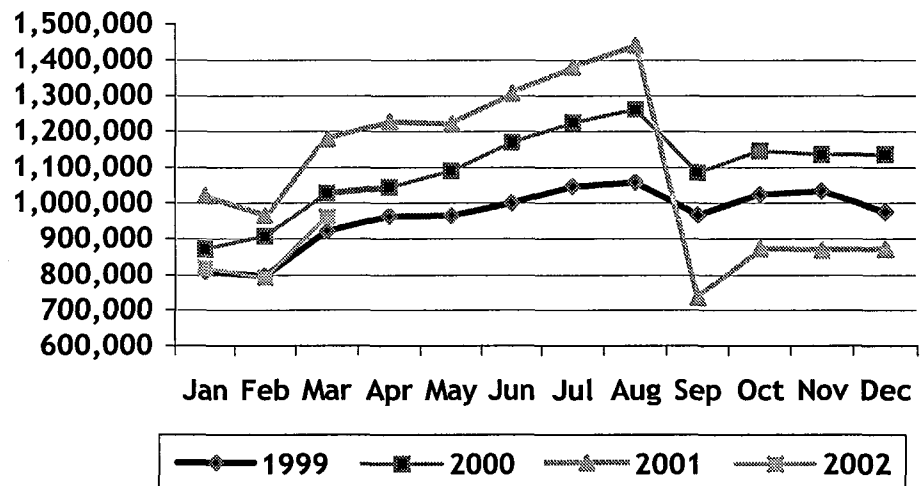
## *Outcome 2: Travelers have a positive guest experience while using the Airport (Cont'd)*

employees. Staff provide assistance to the public by answering questions, providing directions, line control and informing customers and visitors of processes and expectations. The CSA has been fortunate to also have the patient understanding of our guests.

The Adopted Budget contains funding reserves to support the expanding needs for security. The budget also includes redeployment and additional positions necessary to maintain and operate the Inspection Service Facility (FIS). This facility will replace a series of trailers that have housed international arrival at San Jose for the past ten years.

Adopted one year targets have been modified to address the anticipated drop in customer satisfaction. With reductions of over \$8 million in staff and non-personal services, and the physical constraints of our existing terminal facilities, i.e., limited amenities for non-ticketed guests, limited space for security checkpoint access, increased dwell time, etc., a significant reduction in satisfaction levels may occur.

**Norman Y. Mineta San Jose International Airport  
Monthly Passengers**



In addition, it is anticipated that passenger expectations will grow with time. Travel time will be impacted by the construction of the one-way loop project, changes in traffic patterns with the opening of the new FIS, delays related to security and most of all increases to passenger traffic.

As passenger volume returns to pre-September 2001 levels, demand for services will increase. The CSA will continue to seek new ways to meet service challenges and expectations.

# Performance by Outcome

## *Outcome 3: Businesses consider the Airport as a partner in supporting the success of the regional economy*

### Partnering with Business

The Aviation Services CSA strives to partner with business to help ensure the success of the regional economy. This includes providing air service between strategic business markets, as well as providing facilities and services businesses desire. The percent of business passengers at the Airport has declined from 63% in 2000 to 46% in 2002 due to the slowing high-tech economy and the September 2001 terrorist attacks. In addition, lower fares currently offered by airlines have led to an increase in leisure travel at the Airport. The CSA expects that as the economy recovers, the percent of business travelers will increase. In the meantime, the CSA is committed to developing flights and services necessary to better serve business travelers as they return.

The 2001-2002 estimated percent of business passenger satisfaction with amenities, facilities, and rental car services is higher than targeted. This improvement appears to be partially related to decreased activity and expectations. In addition, the Airport has recently improved Internet access in the holdroom areas of both terminals.

Another important aspect of partnering with business is maintaining a competitive rate structure. The stiff competition for new air service between the Bay Area's airports makes it particularly important for SJC to maintain a positive business environment in order to remain a viable option for airlines. This will enhance the likelihood of meeting the air service needs of businesses in the region. The Adopted Budget actually recommends reduced costs per enplaned passengers for 2002-2003.

5 Year Strategic Goals		CSA Performance Measures		2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A.	Business passengers have a positive experience when using the Airport.	1.	% of business passengers rating the Airport services as good or excellent, based upon availability of amenities, quality and costs.	90%	44%	57%	55%
B.	Provide facilities necessary to meet the needs of customers, as well as businesses that operate within the Airport.	1.	% of business passengers rating Airport services as good or excellent, based upon service availability, facility condition, and cleanliness.	90%	45%	77%	65%
		2.	% of business passengers rating rental car services as good or excellent, based upon availability, quick return of rental cars, courtesy of rental car staff and reasonable rental car rates.	90%	39%	64%	58%
C.	Cost to airlines of operating at the Airport is competitive with other airports in the region.	1.	Airline cost per enplaned passenger.	-	\$6.03	\$4.10	\$3.95
D.	Provide adequate domestic air service to meet business passenger needs.	1.	% of corporate travel planners and travel agents that feel SJC provides adequate domestic air services to the business passengers.	85%	72%	64%	60%
E.	Provide adequate international air service to meet business passengers needs.	1.	% of corporate travel planners and travel agents that feel SJC provides adequate international air services to the business passengers.	30%	16%	30%	27%

# Performance by Outcome

## *Outcome 4: The Airport is considered to be a "good neighbor" by the community.*

5 Year Strategic Goals	CSA Performance Measures	2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A. Reduce the incompatible land uses around the Airport to zero.	1. Acreage of incompatible land uses	0	-	31.5	25.0
B. Reduce air emissions and improve traffic conditions.	1. Tons of particulates reduced through conversion of Airport equipment to alternative fuels technologies.	50	1	-	1
	2. Level of Service:				
	• Coleman Ave. entrance	E	F	F	F
	• Skyport Dr. entrance	D	-	-	-
	• Airport Parkway entrance	D	F	F	F
C. Strengthen communication with all stakeholders regarding the noise impact of operating the Airport.	1. % of noise complaints responded to within one day.	100%	100%	98%	100%
D. Establish the Airport as a responsive and active participant in the local community.	1. % of community organization leaders who rate the Airport as an established and active participant within the community.	75%	40%	-	90%

## Community Programs

The Airport is committed to being considered a good neighbor in the community, and has throughout this past year continued to implement significant programs to minimize the impacts of operations on the community. The Acoustical Treatment Program (ACT) has been expanded to include homes in the Washington/Guadalupe neighborhood located within the measured noise contour. Construction will begin on acoustic treatment for the Washington Elementary, Sacred Heart, and Center For Employment and Training schools this summer. The Airport's Noise Exposure Map, which is the basis for setting treatment areas, is being updated to add homes in the Rosemary Gardens and Fairway Glen neighborhoods to the ACT Program. To date, the Airport has dedicated over \$70 million in funding to the ACT Program, and an additional \$60 million is included in the budget over the next five years to complete expanded areas.

During 2001-2002, the Airport Neighborhood Services Group (ANSNG) was

established to work in the City's neighborhoods as a partner with the Strong Neighborhoods Initiative (SNI) to minimize Airport impacts and serve as an advocate for residents. The group has facilitated interactive educational community meetings and assisted in addressing neighborhood concerns. Increased communication and improved service coordination and communication have resulted. The community also benefits from the program through linkage to other City services.

The CSA continues efforts to reduce air emissions associated with Airport operations, and seeks to be a leader in the use of alternative fuel vehicles. A new fleet of compressed natural gas (CNG) powered shuttle buses is scheduled to be put into service by Spring of 2003, along with an on-Airport CNG fueling station, that will be accessible to the Airport's ground transportation providers and the public. Construction of a one way loop through the Airport is scheduled to begin, to reduce traffic congestion and meet the goals of the Airport Traffic Relief Act.

**CORE SERVICES**

**AIRPORT**

Airport Customer  
Services

Airport Environmental  
Management

Community Air Service

# Approved Investments

## Aviation Services CSA

### Budget Changes\*

Positions

2002-2003  
All Funds (\$)

Ongoing (\$)

### Outcome: The Airport is the Region's First Choice for Air

#### Transportation Services

##### Community Air Service (Airport)

• Aviation Business Contractual Services	-	(201,328)	-
• Master Plan Staff Support	-	(59,568)	-
<b>Subtotal</b>	-	<b>(260,896)</b>	-

### Outcome: Travelers Have a Positive Guest Experience While Using the Airport

##### Community Air Service (Airport)

• Reallocation of Facilities Staffing	(0.06)	(13,155)	(5,036)
• Department-wide Training and Travel Reduction	-	(125)	-

##### Airport Customer Service (Airport)

• Parking Operations Contract	-	(1,430,000)	-
• Parking Shuttle Service Contract	-	(1,250,810)	-
• Facilities Program Reduction	-	(1,241,300)	-
• Rental Car Shuttle Service Hours	-	(1,225,356)	-
• Communication Awareness Campaigns	-	(371,740)	-
• Airfield Safety and Security	-	(323,900)	-
• Development Division Engineering Staff	-	(279,162)	-
• Reductions in Airport Communication Center Services	-	(247,530)	-
• Gate Management Service	-	(115,533)	-
• Redeployment to Support Acoustical Treatment Program	(1.00)	(105,815)	(105,815)
• Department-wide Travel and Training Reduction	-	(13,753)	-
• Federal Inspection Service Facility Maintenance and Operation	9.00	1,631,263	1,900,000
• Redeployment of Facilities Program Staff to Support Federal Inspection Service Facility	0.37	31,489	31,489

##### Strategic Support (Airport)

• Department-Wide Non-Personal/Equipment Support	-	(248,661)	-
• Facilities Program Reduction	-	(111,053)	-
• Information Technology Maintenance Contracts	-	(97,000)	-
• Airport Safety Training Program	-	(84,619)	-



# Approved Investments

## Aviation Services CSA (Cont'd.)

Budget Changes*	Positions	2002-2003 All Funds (\$)	Ongoing (\$)
• Airport Human Resources Support Services	-	(70,268)	-
• Department-Wide Travel and Training Reduction	-	(50,878)	-
• Business Development Printing and Mailing Costs	-	(36,813)	-
• Redeployment of Facilities Program Staff for Federal Inspection Service Facility	(0.31)	(22,553)	(19,608)
<i>Subtotal</i>	8.00	(5,677,272)	1,801,030

### Outcome: Businesses Consider the Airport as a Partner in Supporting the Success of the Regional Economy

#### Airport Customer Service (Airport)

• Access Control System Maintenance Service	-	(16,500)	-
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#### Airport Environmental Management (Airport)

• Information Technology Program Reduction	-	(90,000)	-
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#### Strategic Support (Airport)

• Financial Advisor Consultant Services	-	(281,900)	-
• Master Plan Staff Support	-	(39,712)	-

<i>Subtotal</i>	-	(428,112)	-
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### Outcome: Airport is Considered to be a "Good Neighbor" by the Community

#### Airport Environmental Management (Airport)

• Environmental Services Support	-	(189,116)	-
• Postponement of Public Outreach Programs	-	(158,000)	-
• Department-Wide Travel and Training Reduction	-	(2,063)	-

• Acoustical Treatment Program Funding Shift	1.00	68,544	68,544
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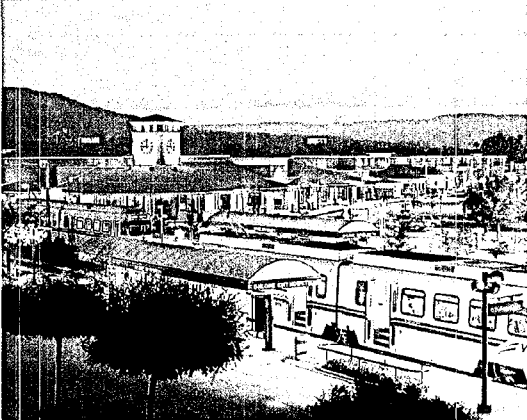
<i>Subtotal</i>	1.00	(280,635)	68,544
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<b>Total Budget Changes Approved</b>	<b>9.00</b>	<b>(6,646,915)</b>	<b>1,869,574</b>
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\* Details on budget changes listed above are presented in Department Core Services section



# Economic & Neighborhood Development



## Primary Partners

Conventions, Arts & Entertainment

Fire

Housing

Office of Economic Development

Planning, Building & Code  
Enforcement

Public Works

Redevelopment Agency

***Mission:*** To manage the growth and change of the City of San Jose in order to create and preserve healthy neighborhoods, and ensure a diverse range of employment and housing opportunities.

The creation and maintenance of a vibrant community with opportunities for all requires a healthy business climate, affordable housing, and strong neighborhoods with a good quality of life. As San Jose continues to grow, the City is changing from a primarily suburban landscape into a rich collection of unique neighborhoods and job centers with opportunities for more urban, mixed use development in appropriate locations, such as the Downtown area and transit corridors. Directing growth within the Greenline/Urban Growth Boundary helps to protect the City's natural assets such as hillsides and baylands. While the economic downturn that began in 2001 has slowed anticipated levels of growth, overall projections for the region, and San Jose in particular, remain strong.

Even in the current budgetary climate, the City remains committed to maintaining a strong economic base, providing a diverse range of housing opportunities, and maintaining a safe, healthy, attractive, and vital community. Silicon Valley's economic situation has created challenges in each of these three areas.

The Economic and Neighborhood Development CSA's priorities have not changed significantly since the 2001-2002 budget process ended, but the economic environment in which the CSA partners are pursuing these goals has changed substantially. In 2002-2003, Strong Neighborhoods Initiative Plan implementation will proceed in an atmosphere of more limited resources. Promoting the creation of new housing units – affordable or market rate – has become more challenging as developers are hesitant to initiate new projects during an economic downturn. Implementation of the Downtown Strategy Plan has slowed for the same reason.

## CSA OUTCOMES

- Strong economic base
- Diverse range of housing opportunities
- Safe, healthy, attractive and vital community



# Investment Strategy

## Outcome 1: Strong Economic Base

The City is committed to the retention of existing jobs and the attraction of new businesses to San Jose through a variety of means. The City is fostering continued economic growth in San Jose by supporting both large and small enterprises. Significant investment in public infrastructure to support job growth remains a priority. The economic downturn experienced in 2001 has slowed anticipated levels of growth, but overall projections for the region and San Jose in particular remain strong. Development in Edenvale is close to targeted levels, 1.7 M sq. ft. of a 1.8 M sq. ft. target. Rincon achieved 400,000 sq. ft. of a 1.5 M sq. ft. goal. In Coyote Valley, key public/private infrastructure projects will move forward modestly over the next 5-year period. The Downtown realized 400,000 sq. ft. of a 600,000 sq. ft. target. While new office space was brought online, many buildings remain vacant, as demonstrated on the chart below. The vacant space inventory is expected to take approximately two years to absorb, inhibiting new office construction during that time.

## Outcome 2: Diverse Range of Housing Opportunities

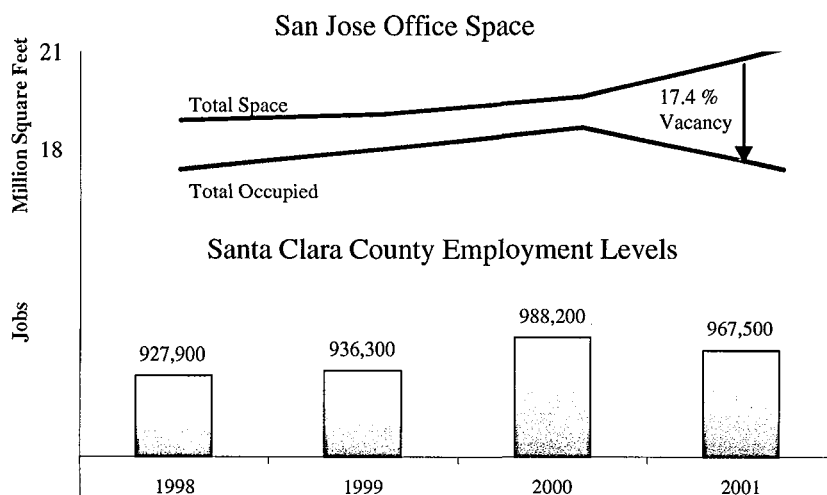
Addressing housing issues remains a high priority for this CSA. The main funding source for affordable housing development is the 20% Low and Moderate Housing Fund. Currently,

tax increment revenue to this fund has substantially increased and may not be impacted by the economic downturn for a few years. Funding in this budget supports major efforts within the City – Strong Neighborhoods Initiative, Extremely-Low Income Housing Initiative, Increase Affordable Housing Production, Housing Opportunity Study, and processing General Plan amendments three times per year – with additional funding from the Redevelopment Agency and redeployment of existing staff in this and other CSAs.

## Outcome 3: Safe, Healthy, Attractive and Vital Community

The most dramatic impact of the economic downturn has been experienced in development services. A year ago, the challenge was staffing up to meet the huge demand for services. Now, revenue has fallen off nearly 30% in some programs. With a net \$13 million shortfall of revenue to base costs, the challenge in development services is to continue to improve service, retain trained staff, and address the underlying imbalance of current fees to the cost of service. This CSA is addressing the challenge with a variety of strategies – staff reductions, redeployment, and fee adjustments.

Outside of development services, the Economic and Neighborhood Development CSA is redeploying resources to meet the service demands associated with the implementation of Strong Neighborhoods Initiative plans. These efforts contribute to a safe, healthy, attractive and vital community by revitalizing and strengthening neighborhoods that have struggled to overcome past problems.



Source: Employment Development Department, Colliers International

# Performance by Outcome

## Outcome 1: Strong economic base

### Outcome 1: Strong Economic Base

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>A. ATTRACT, RETAIN AND EXPAND BUSINESS</b>					
1. Facilitate Major Corporate Development (Focus in Downtown and S. San Jose)	1. Square footage built in Coyote Valley (and estimated # of jobs)	1M sq. ft. in Coyote (est. 3,300 jobs)	Establish On-site Satellite Construction Office	0	0
	2. Additional square footage built in Edenvale (and estimated # of jobs)	4M sq. ft. in Edenvale (est. 13,300 jobs)	1.8M sq. ft.	1.7M sq. ft.	1M sq.ft.
	3. Additional private square footage built in Downtown (and estimated # of jobs)	2M sq. ft. in Downtown (est. 6,700 jobs)	600,000 sq. ft.	400,000 sq. ft.	610,000 sq. ft.
	4. Additional square footage built in Rincon (and estimated # of jobs)	2M sq. ft. in Rincon (est. 5,400 jobs)	1.5M sq. ft.	400,000 sq. ft.	600,000 ft

## Major Corporate Development

Attracting and retaining corporate development is a major priority. Recent studies point to San Jose's continuing leadership in innovation and productivity, beyond any competing area in the nation. The seeds of new business clusters are all present in the skills of area workers and in the knowledge base of emerging and existing companies. The concept of convergence of technology is taking root, with sectors such as information technology and biotech becoming integrally linked. This will further enhance the area's strong competitive advantage. The City will recruit emerging and growth industries and work to retain diverse companies to provide a broad base of jobs and skills. Development of a strategy to target and attract the bioscience industry is underway. The goals are to create a bioscience cluster in San Jose, to attract and provide assistance to emerging companies, and to promote San Jose's industrial parks as ideal sites.



## Convention Facilities

A second key objective in supporting the business community is to satisfy the demand for convention, meeting, event and visitor services, primarily at the Convention Center. Key action items to accomplish this include improving customer service and increasing revenues from convention facilities, increasing facility use, delegate spending and hotel room nights. The economic environment has resulted in a downsizing of conventions and trade shows and a drop in short-term business such as banquets, meetings and holiday parties. Consequently, there is a negative impact on reaching targeted performance measures.

Nevertheless, strong efforts to attract and retain business continue. Strategies include exploring markets outside the technology arena to broaden and diversify the client base. Contemporary revenue generating options such as retail kiosks are under consideration. Focus groups will be formed to consider an exclusive in-house electrical services program to increase revenue as well as service to clients. Safety is a universal priority and efforts continue to tighten building security. Continual striving to be even more energy efficient in the convention facilities will further reduce energy costs and usage.

# Performance by Outcome

## Outcome 1: Strong economic base (Cont'd)

### New Retail Development

The growth of retail development is critical for the continued health and growth of San Jose's economy. Interest in San Jose retail remains strong. Valley Fair recently completed its second phase of expansion and the mall continues to produce over \$600 per square foot in revenues. The first phase of Santana Row is anticipated to be open in the fall of 2002. Oakridge Mall is on target to complete extensive renovations by December 2003. Macy's at Oakridge is proceeding with a 70,000 square foot expansion to be completed by December 2002. In addition, the owners of Eastridge are moving forward with development plans for a major renovation of the mall.

Many other significant retailers have opened or are pursuing new sites in San Jose. Home Depot, Best Buy and Home Expo recently opened major stores. Several auto dealerships are expanding such as Honda Stevens Creek, Toyota Stevens Creek, Anderson/Behel Porsche Audi and Volkswagen Stevens Creek. Courtesy

Chevrolet recently opened its new location on Stevens Creek. A new Mercedes dealership broke ground at Capitol and Tully. Retailers new to our area, such as Lowe's Home Improvement, are actively pursuing locations in San Jose.

Downtown retail development has been set back by the recent economic downturn. Strong efforts continue to bring retail development to downtown over the 5-year time frame. Several projects such as the Fairmont Annex, the Marriott Hotel, the Twohy Building, the Montgomery Hotel, and the Opus project are either completed or underway. While the physical space may be complete, most of the retail areas of these projects are vacant.

The strong interest in San Jose's retail markets will keep the City on target to make its one-year goal of adding \$1 million in sales tax. At the current pace, the City should also meet the 5-year, \$5 million goal in new sales tax.

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
2. Satisfy demand for convention, meeting, event, and visitor needs	1. Amount of tax revenue generated by \$1 of operational expenditures	\$2.26	\$2.13	\$1.57	\$1.73
	2. Annual daily occupancy of convention facilities.	94%	92%	81%	82%
	3. Annual delegate spending (est.)	\$198M	\$ 163M	\$110M	\$140M
	4. Delegate Hotel/Room nights (est.)	227,000	181,500	100,000	125,000
	5. % of convention facilities operating expenses recovered from earned operating revenue (excluding TOT)	85%	80%	62%	68%
3. Facilitate Retail Development in the Downtown	1. New retail space in downtown areas.	150,000 sq. ft.	N/A	40,000 sq. ft.	26,250 sq. ft.
	2. # of new hotel rooms constructed in the Downtown area.	1,163	264	264	506
4. Facilitate Major Sales Tax Generators	1. Increase in sales tax from businesses receiving assistance from the City.	\$5M in new sales tax generated	\$1M in new sales tax generated	\$1M in new sales tax generated	\$1M in new sales tax generated

# Performance by Outcome

## Outcome 1: Strong economic base (Cont'd)

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
5. Intensify Commercial and Industrial Land Use	1. Increase in Floor Area Ratio of approved development within the intensification corridors of the General Plan	10%	5%	5%	5%
6. Retain Supply of Industrial Suppliers Jobs and Land Uses	1. Retention of existing land with "heavy industrial" General Plan designation	1,500 acres	1,700 acres	1,710 acres	1,650 acres
7. Facilitate Small Business Expansion	1. Funding made available to small businesses	\$5M	\$1M	\$1.35M	\$1 M
<b>B. STRENGTHEN WORKFORCE</b>					
1. Be Active Partner in Developing a Skilled Workforce	1. % of Workforce Investment Act (WIA) clients employed one calendar year after initial placement				
	- Adults	Goals set	74%	75%	74%
	- Dislocated Workers	annually by	81%	83%	84%
	- Youth	State of CA	70%	70%	76%
	2. % of Networking Academy Students employed after certification	70%	70%	40%	70%

## Mayor's 10-Point Plan

The Mayor proposed a 10-point economic plan to address the current economic downturn and foster continued economic growth for San Jose companies. The plan was developed in partnership with the business community and seeks to enhance existing programs and add services. The plan includes initiatives that support both large and small enterprises. Highlights of plan initiatives include:

- **Small Business Development** – ensure that small businesses participate in City construction contracts.
- **Federal Tax Credits** – aggressively seek federal tax credits designed to stimulate growth in urban areas.
- **Plan Check Fee Deferral, Suspension of Construction-Related Taxes, Permit Fee Payment Plans, and Streamlined Plan Checking** - encourage and expedite leasing activities as the economy turns more favorable.
- **City Lending Programs** - improve delivery, enabling small business to have increased access to capital and better technical assistance.

- **Enterprise Zone** - Increase marketing to allow more companies to benefit from the significant tax credits the Zone offers.
- **Emerging Life Sciences and Biotech Industries** - Concerted effort to recruit and retain biotech companies to support growth in this significant sector.

## Workforce Development

The tenth point of the Mayor's plan is the development of a strong workforce. It is vital that residents are employed in jobs that pay enough in order to live in the City. Benefits include a local supply of skilled workers required by San Jose companies, reduced dependence on welfare and other social programs, and reduced crime rates. The City's workforce development program assists both residents who are eager for well-paying employment with career growth potential, and businesses seeking qualified employees. Last year, adult clients earned an average of \$5,500 more after they participated in the program.

# Performance by Outcome

## Outcome 2: Diverse range of housing opportunities

### Diverse Range of Housing Opportunities

The City of San Jose is the leader in providing housing in Silicon Valley. While neighboring cities have sought to bring in job-producing uses, San Jose has worked to ensure that its workers have places to both work and to live. In addition, the City is a regional leader in providing affordable housing opportunities for its residents. Since 1988, more than 8,200 new units of affordable housing have been constructed, an additional 2,000 units have been newly acquired and restricted, and 720 units have been preserved. Another 4,200 units are expected to be completed by the end of 2004. In addition, thousands of residents have had their homes rehabilitated or painted, or have become homeowners with City assistance.

### Proactively Identifying Housing Opportunities

San Jose continues to be a regional leader in the identification of underutilized land for potential housing sites. Focusing primarily along the City's Transit Corridors, staff is expected to complete the third phase of the Housing Opportunity Study. These sites are proposed for General Plan amendments to

increase residential densities, capturing and protecting these potential housing opportunities. In 2000-2001, the first phase of the Housing Opportunity Study added approximately 5,000 units to the City's overall housing capacity. An additional 1,800 units are pending as part of the second phase of the Study. The total housing capacity increase for 2001-2002 is estimated at 4,500 units.

### Increasing Homeownership Opportunities

According to the California Association of Realtors, the median priced home in Santa Clara County is \$525,000 as of February 2002 – a 5.4% decrease from one year prior. Data from December 2001 shows 29% of County residents can afford to purchase a median-priced home, whereas only 18% could afford a median-priced home one year prior. Although these trends reflect improvement, County residents do not share the same opportunities as the 57% of American families that are able to afford a median-priced home in their communities. The City is demonstrating its commitment to addressing these issues by allocating an additional \$2 million to the Home Venture Fund to provide first-time homebuyer loans to San Jose residents needing assistance.

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>A. INCREASE THE SUPPLY OF HOUSING FOR ALL INCOME LEVELS</b>					
1. Approve Development Permits for Residential Construction for a Variety of Housing Types	1. % of units receiving development permit approval compared to target of 4,000/yr. (actuals in parentheses)	100% (20,000 units)	100% (4,000 units)	75% (3,000 units)	100% (4,000 units)
2. Increase the Number of Housing Units Developed in Greater Downtown Area	1. % of target (1,000 units/yr.) for housing unit production completed in the Greater Downtown Area.	100% (5,000 units)	100% (1,000 units)	87% (869 units)	100% (1000 units)
3. Increase the Number of High-Density For-Sale Housing Units as a Percent of Total High-Density Units Built	1. % of High-Density Residential Units receiving building permits that are For-Sale (New Measure)	35% (7,000 units)	30% (1,200 units)	20% (400 units)	25% (600 units)
4. Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	10,000 (2,000/yr.)	2,000	4,500	3,000
5. Increase homeownership in SNI areas	1. # of households assisted by the Home Venture Fund, by income level (New)				
	a. Moderate-Income Households	175	35	31	35
	b. Low-Income Households	75	15	14	15



# Performance by Outcome

## *Outcome 2: Diverse range of housing opportunities (Cont'd)*

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>B. ASSIST IN THE DEVELOPMENT OF AFFORDABLE AND FOR-SALE HOUSING</b>					
1. Speed Up the Development Process for Affordable Housing Projects	1. % of affordable housing projects receiving building permit within 6 months of plan check submittal (New Measure)	85%	50%	40%	50%
	2. % of developers rating Housing Action Team (HAT) process as "Good" or "Excellent"	95%	95%	TBD*	95%
2. Increase the Supply of Affordable Housing	1. % of cumulative achievement toward 5-year construction completion goal (target in parentheses) (New)	100% (8,733)	86% (2,410)	82% (2,309)	91% (3,836)
3. Disperse Affordable Housing Throughout the City (Dispersion Policy)	1. % of City funded lower income housing located outside of impacted neighborhoods—neighborhoods with a high concentration of low- and moderate-income households	85%	85%	94%	85%
	2. Number of households assisted in obtaining rental and for-sale housing	5,700	1,700	1,708	2,500
4. Direct Significant Affordable Housing Resources to Lower-Income Households	1. % funds reserved by income levels over 5 years:				
	- Very Low (<50% of median)	> 60%	> 60%	60%	> 60%
	- Extremely low (<=30% of median)	-	> 30%	15%	> 30%
	- Very Low (31 - 50% of median)	-	> 30%	45%	> 30%
	- Low (51 to 63% of median)	> 25%	> 25%	29%	> 25%
	- Moderate (64%-120% of median)	< 15%	< 15%	11%	< 15%

\*Data available in 2002-2003

## Assistance in the Development Process

The City's objective is to meet the need for housing development for families and individuals of all incomes, and to provide a variety of housing types to meet the needs of individual households. The City acts as a facilitator to the development of housing, as the City itself is not a housing developer. There are several ways that development is made possible, from zoning land for housing development to streamlining development processes. In 1999, the Housing Action Team (HAT) was put in place to speed up the development process for affordable housing projects. In 2002-2003 the Low and Moderate-Income Housing Fund will support a position in the Public Works Department to coordinate the land use permitting process for the HAT in addition to the current funding for a position in the Planning Department. This investment will result in further streamlining of the development process for affordable housing projects.

## Targeted Funding

The City Council has established specific funding goals by income level, targeting most of the funds for those households with the least ability to pay for housing. As shown in the chart above, a minimum of 60% of funding will be reserved for very low income households, and no more than 15% funding will be reserved for moderate income households. The subsidy amounts reserved for various income groups are highly impacted by outside funding sources. In 2001, the City Council made a determination that assistance to Extremely Low-Income (ELI) households is critical and targeted 30% of funds to this category. In an effort to attain this goal, an additional \$34.87 million is being allocated to the ELI fund in 2002-2003 from the Redevelopment Agency.

# Performance by Outcome

## Outcome 2: Diverse range of housing opportunities (Cont'd)

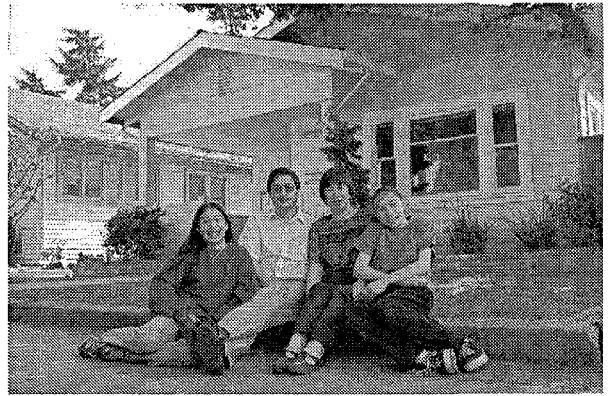
### Creative Solutions

Creative solutions to the housing crisis continue to be a priority for the City. The following outlines new priorities for 2002-2003:

- **SNI-Focused Rehabilitation Program** — The Housing Department and Redevelopment Agency are creating a new program that will provide for an additional 250 units—double the current number of conventional home rehabilitation projects.
- **Hensley Historic Restoration** — Recognizing the extra cost of doing renovations to historic homes, the Housing Department and the Redevelopment Agency are working together to create a program providing technical assistance and subsidies for rehabilitation to homeowners and landlords in the Hensley Historic District.
- **Section 8 Homeownership** — The Housing Department and Redevelopment Agency are partnering with the Housing Authority of Santa Clara County, Fannie Mae and the California Housing Finance Agency to create a homeownership program for low-income families.
- **Rental Dispute Program** — In 2001-2002 the Rental Dispute Program was transferred to the Housing Department. In the upcoming year, staff will focus on implementing recommendations from the Mayor's Rental Housing Task Force that are adopted by the City Council.

### Special Populations

- **Homeless Services** — A five-year homeless plan is being developed to define the City's role as a homeless service provider. After gaining Council approval and establishing policy, performance measures and objectives will be developed. In response to the Mayor's Budget Message, ongoing funding of \$300,000 for the Homeless Families and Children Initiative will be established in 2002-2003.
- **Teacher Housing** — The City also continues to support its policy of being the most teacher-friendly City in the Country. Since its inception, 204 teachers have been assisted by the Teacher Homebuyer



Program. Also anticipated is the completion of 450 rental housing units for teachers by 2004. These actions demonstrate the City's commitment to providing affordable housing to its own teachers.

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>C. IMPROVE AND PRESERVE THE EXISTING HOUSING STOCK</b>					
1. Provide Incentives to Homeowners and Rental Property Owners to Rehabilitate Their Dwellings	1. % of Target met for units rehabilitated through City action (Code Enforcement and Housing – target in parentheses)	100% (25,000 units)	100% (4,500 units)	89% (4,000 units)	100% (4,250 units)
<b>D. MEET HOUSING NEEDS OF SPECIAL POPULATIONS</b>					
1. Assist the Homeless	TBD pending Council policy determination				
2. Provide Housing Assistance to Teachers	1. % of Target achieved (70 loans/yr.)	100% (350)	100% (70)	180% (126)	100% (70)
	2. % of rental units for teachers completed (target in parentheses)(New)	100% (450)	–	–	100% (187)

# Performance by Outcome

## *Outcome 3: Safe, healthy, attractive and vital community*

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>A. SAFE PLACE TO LIVE AND WORK</b>					
1. Ensure Structural and Life Safety in Built Environment	1. % of design professionals surveyed who rate structural review process as "good" or "excellent"	75%	45%	50%	50%
	2. % of residents rating building and fire code enforcement as "Good" or "Excellent"	75%	55%	50%	55%
2. Integrate Safe Design Principles into Development Review Process to Create Safe Public Spaces	1. % of residents surveyed who perceive that their neighborhood is "Very Safe" when walking:				
	- during the day	65%	60%	62%	60%
	- during the night	40%	36%	38%	36%
<b>B. DESIRABLE PLACE TO LIVE AND WORK</b>					
1. Revitalize and Rehabilitate Uses, Sites, and Structures in Neighborhoods, Commercial and Industrial Areas	1. % of properties with improved physical appearance within the Strong Neighborhood Initiative Areas (as measured by the Blight Analysis)	35%	5%	5%	7%
	2. # of facades, streetscapes, and development projects completed				
	a. Streetscapes	5	5	5	5
	b. Facades	150	50	55	50
	c. Development Agreement to Board	6	2	2	2
	d. Development Sites Marketed	12	0	0	4

## Strong Neighborhoods Initiative

Through the Strong Neighborhoods Initiative (SNI), residents, property owners, and other community members are working with City staff to enhance neighborhood assets, eliminate blight, and improve the overall quality of life in their neighborhoods. To guide these improvements, each SNI area is developing a Neighborhood Improvement Plan identifying the neighborhood's "top ten" priority action items. These action items range from the installation of traffic calming devices and the construction of new parks to increased code enforcement and vehicle abatement. By the end of 2001-2002, thirteen plans were approved by the City Council. The remaining plans will be completed in 2002-2003.

The implementation of Council approved SNI Improvement Plans is expected to occur through a partnership between community members and the City. Although some action items are best implemented by neighborhood groups, funding for certain SNI related capital projects is included in the Redevelopment Agency budget. Other items will require the realignment of City services. For example,

while there is an overall reduction in community code enforcement resources, high demand services such as neighborhood clean-ups, and proactive vehicle abatement are being expanded in this budget.

The Code Enforcement service delivery model is changing in SNI areas. In September 2001, a "Driveway Team" was established to proactively and comprehensively address a broad array of blight conditions, including abandoned vehicles, poor property maintenance, and inappropriate outdoor storage. The Driveway Team, working in partnership with the various Neighborhood Action Committees, has surveyed 7,000 parcels in twelve of the original fourteen SNI neighborhoods. The Team has identified and resolved over 2,300 blight cases and removed 300 abandoned vehicles from City streets. Funding for the Team from the Redevelopment Agency is now included for an additional four years. The Redevelopment Agency will also fund an expansion of the Neighborhood Cleanup Program in SNI neighborhoods that will result in an additional 26 cleanups.



# Performance by Outcome

## *Outcome 3: Safe, healthy, attractive and vital community (Cont'd)*

### Development Review Process

Ensuring that San Jose remains an attractive and safe place to live and work requires a comprehensive and efficient development review process. Continued growth will require the City to balance an increased demand for housing and jobs with protection of the environment. Success in keeping this balance depends on an efficient and thorough development review process that minimizes unnecessary delays while preserving the public's involvement in shaping the City. One measure of the success of the process is the opinion of the people who live near new development projects. The most recent survey data shows that 74% of nearby residents stated that the City did a "Good" or "Excellent" job in ensuring that new development was appropriately designed to fit into their neighborhood.

A 5-Year Strategic Goal is to achieve an 85% favorable response from development customers on the question of whether the multi-department development process functions as one seamless operation. A seamless system will result from improved coordination, which can facilitate quicker resolution of outstanding issues so that projects are able to receive the highest quality of review in the shortest time necessary. Implementation

of the new San Jose Permits On-Line System (formerly called the Integrated Development Tracking System) is helping to achieve this goal.

### Development Fee Programs

Responding to the economic downturn has been the major focus of this CSA's development review partners. Increasing costs and revenue that was sharply lower in 2001-2002 created a \$13 million base shortfall in the development fee programs for 2002-2003. The revenue shortfall was exacerbated by the fact that many of the fees for development services had fallen from 25 to 40% below the cost recovery level. Responding to the message from development customers that getting timely service from City staff is their highest priority, the CSA development services providers proposed a budget balancing strategy that was built on the premise that service must be maintained at targeted performance levels. With that element as a given, the strategy employed position cuts and redeployments to reduce costs and "right-size" for current activity levels, and fee increases to close the cost recovery gap.

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>B. DESIRABLE PLACE TO LIVE AND WORK (cont'd)</b>					
2. Quality Living and Working Environment	1. % of community residents that feel that their neighborhood condition is Good or Excellent	75%	70%	68%	70%
	2. % of residents surveyed who are satisfied with the quality of new development in their neighborhood	80%	75%	74%	75%
3. Public Services to Meet Demands of Users	1. % of community residents satisfied with the overall citywide quality of services they are provided	80%	75%	77%	75%
4. Active Business and Community Partnerships	1. % of residents who feel that people in their neighborhood Definitely or Probably share a sense of local pride	75%	68%	69%	70%
	2. % increase of sales tax and property values in Neighborhood Business Districts & RDA project areas	Study to be completed in June 2002	-	-	-

# Performance by Outcome

## *Outcome 3: Safe, healthy, attractive and vital community (Cont'd)*

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>B. DESIRABLE PLACE TO LIVE AND WORK (cont'd)</b>					
5. Provide Seamless And Effective Development Review Including Implementation of Environmental Regulations, in a Customer-Friendly Fashion	1. % of projects that receive thorough, complete, consistent review in first cycle of staff review (New Measure)	TBD	-	-	TBD**
	2. Ratio of current year fee revenue to fee program cost (New Measure)	100%	89%	81%	89%
	3. Selected development processing time targets: (New Measure)				
	- Planning Initial Comments Mailed within 30 Days	90%	100%	49%	90%
	- Building Plan Check Processing Targets Met *	90%	90%	91%	90%
	- Planning Application Responses Within 3 Weeks	75%	55%	55%	60%
	- Building Inspections Within 24 hrs	85%	85%	81%	85%

\* Targets are 2-6 weeks depending on size of project

\*\* New measure - data to be available in 2002-2003

## Development Fee Programs (Cont'd)

With changing economic conditions, the level of resources for development review functions are adjusted to ensure that staff can conduct a thorough and complete review of projects and still complete them within committed timeframes. The workload in Planning's Development Review Section and in the Building and Fire Department Plan Check Sections has already fallen off as a result of the economic downturn. While Building Inspection and Public Works Development Services are seeing some slowing of activity, these programs are still servicing obligations from last year's record activity. Delays in reaching performance targets in 2001-2002 are largely the result of holding budgeted positions vacant while the workload was still heavy, in anticipation of the necessity of staff reductions in 2002-2003. Staffing levels for 2002-2003 assume a continuation of the current lower level of activity. At the same time, the development services programs will be working closely with the Budget Office to enable the timely addition of staff if activity increases. Maintaining a fee structure that reflects the actual cost of service is a crucial part of this

equation because it ensures the City's fiscal ability to adjust staffing to the level of activity. To that end, the City's development review programs increased fees to cover the costs of providing service. Responding to feedback from customers, the fee increases are being phased-in to avoid very large increases all at once. Some fees will reach the cost recovery level in two years. The phase-in of fees with larger gaps will take three years.

## Sustainable Development

Existing resources are applied to encourage the inclusion of Green Building design techniques, such as energy efficiency, in the new construction of public, commercial and multi-family buildings. The Pala Youth Center and the West Valley Library both incorporate Green Building principles. More efficient use of the City's transportation network will be achieved through expansion of the public transportation system, encouraging the use of alternatives to single occupant vehicles, and supportive land use development.

# Performance by Outcome

## *Outcome 3: Safe, healthy, attractive and vital community (Cont'd)*

### Development Initiatives

In response to the Mayor's 10-Point Economic Stimulus Plan, San Jose now offers tax suspension and plan check fee deferral for tenant improvements intended to prepare vacant building space for industrial or research and development uses. The goal of this program is to make vacant space in San Jose more attractive to potential corporate tenants by offering a faster and less expensive means to begin operations in a new location. This program also offers express plan check and priority inspection services through the integration of Building and Fire plan check and inspection staff for tenant improvement projects.

The City has commissioned a comprehensive review of the development review process. Zucker Systems is conducting the study, which is expected to identify areas of change in the organization and the processes that can enable staff to provide faster, higher quality, and seamless services to our

development customers. Currently, a series of modifications to the Zoning and Subdivision Ordinances are underway to streamline the processes and eliminate conflicting regulations.

Major technology-related service enhancements for the 2002-2003 fiscal year include:

- Expansion of the San Jose Permits On-Line System to handle most permit application types via the internet;
- Imaging of permits, plans and other public documents to allow quick retrieval and viewing electronically – both internally and via the internet; and
- A research phase for field inspection automation that will begin to assess the ability of available technology to allow inspectors to access information and file inspection notes from the field.

5-Year Strategic Goals/Objectives	CSA Performance Measures	2002-2007 5-Yr Goal	2001-2002 1-Yr Target	2001-2002 Estimate	2002-2003 1-Yr Target
<b>B. DESIRABLE PLACE TO LIVE AND WORK (cont'd)</b>					
5. Seamless and Effective Development Review (cont'd)	4. % of development process participants rating service as good or excellent	90%	80%	70%	75%
	5. % of residents & businesses who perceive desirability of physical environment as good or excellent				
	- Attractiveness Resid. Property	75%	70%	65%	70%
	- Attractiveness Comm. Property	58%	55%	53%	55%
	- Physical cond. Neighborhoods	74%	70%	68%	70%
	- Access to Public amenities	83%	80%	80%	80%
	6. % of clients surveyed who perceive that the development review process is seamless	85%	75%	75%	78%
<b>C. HEALTHY AND SUSTAINABLE ENVIRONMENT</b>					
1. Utilize Green Building Design to Reduce Energy Demands in All Public/Private Development	1. % of new building square footage incorporating Green Building Design				
	- Public Buildings	100%	75%	TBD	75%
	- Commercial Buildings	25%	5%	TBD	5%
	- Attached Residential	10%	2%	TBD	2%
2. Plan for Expansion of Public Trans. Systems & Encourage Alternatives to Single Occupant Car	1. % of development sites with car pool parking, Eco Pass distribution, bike parking, bike lockers, employee showers	80%	TBD	TBD	TBD

# Approved Investments

## Economic and Neighborhood Development CSA

Budget Changes*	Positions	2002-2003 All Funds (\$)	Ongoing (\$)
<b>Outcome: Strong Economic Base</b>			
<i>Convention Facilities (CAE)</i>			
• Convention Center Electrical Services Revenue Program	-	(577,967)	-
• Rebudget: Lighting Equipment Replacement	-	138,750	-
<i>Business/Job Attraction, Retention, Expansion and Creation (OED)</i>			
• Reclassification of the Development Enhancement Special Fund Administrator	1.00	110,000	111,966
• Workforce Investment Act Funding Shift for Support Staff	-	-	-
• Rebudget: Enterprise Zone Website Develop	-	40,000	-
<i>Workforce Development (OED)</i>			
• Workforce Development Program Staff	13.00	979,561	998,139
<b>Subtotal</b>	<b>14.00</b>	<b>690,344</b>	<b>1,110,105</b>

### Outcome: Diverse Range of Housing Opportunities

<i>Maintain the Existing Affordable Housing Supply (Housing)</i>			
• Expanded Housing Rehabilitation Program in Strong Neighborhoods Initiative Area	5.00	493,266	546,021
• Portfolio Management Team	3.00	276,716	249,856
• Rebudget: Vehicle Replacement	-	65,000	-
<i>Long Range Land Use Planning (PBCE)</i>			
• Rebudgets: Housing Opportunities	-	597,800	-
<i>Citywide Expenses</i>			
• Homeless Families/Children Initiative Fund	-	300,000	-
<b>Subtotal</b>	<b>8.00</b>	<b>1,732,782</b>	<b>795,877</b>

### Outcome: Safe, Healthy, Attractive and Vital Community

<i>Fire Safety Code Compliance (Fire)</i>			
• Fire Fee Program	(3.00)	(375,914)	(477,318)
• Rebudget: Fire Inspection Billing System	-	150,000	-
• Rebudget: Vehicle Purchase	-	19,000	-
<i>Long Range Land Use Planning (PBCE)</i>			
• Public Information for Planning Services	(2.00)	(146,659)	(146,659)
• Planning Fee Program	(1.00)	(117,972)	(117,972)
• Strong Neighborhoods Initiative Plan	2.00	172,429	-

#### CORE SERVICES

##### PLANNING, BUILDING AND CODE ENFORCEMENT

Community Code  
Enforcement

Development Plan  
Review and Building  
Construction Inspection

Long Range Land Use  
Planning

#### HOUSING

Increase the Affordable  
Housing Supply

Maintain the Existing  
Affordable Housing  
Supply

Provide Services to  
Homeless and At-Risk  
Population

#### REDEVELOPMENT

Promote and Implement  
Neighborhood  
Improvements Strategies

Initiate and Facilitate  
Private Development

Enhance the Quality and  
Supply of the City's  
Housing Stock

#### CONVENTIONS, ARTS AND ENTERTAINMENT

Convention Facilities

#### OFFICE OF ECONOMIC DEVELOPMENT

Business/Job Attraction,  
Retention, Expansion and  
Creation  
Workforce Development

#### PUBLIC WORKS

Regulate/Facilitate  
Private Development

#### Fire

Fire Safety Code  
Compliance

# Approved Investments

## Economic and Neighborhood Development CSA (Cont'd)

Budget Changes*	Positions	2002-2003 All Funds (\$)	Ongoing (\$)
<b>Outcome: Safe, Healthy, Attractive and Vital Community (Cont'd.)</b>			
<i>Development Plan Review &amp; Building Construction Inspection (PBCE)</i>			
• Building Fee Program	(20.60)	(2,358,311)	(2,358,311)
• Planning Fee Program	(3.70)	(421,652)	(375,605)
• Planning Services - Non-Profit Assistance	(1.00)	(91,284)	(91,284)
• Changes in Vehicle Maintenance Staffing Levels	-	(6,955)	(6,955)
• Rebudgets: Planning Vehicle and Imaging Server	-	59,000	-
<i>Community Code Enforcement (PBCE)</i>			
• General Code Enforcement Reduction	(2.00)	(143,972)	(143,972)
• Community Code Enforcement Funding Reallocation	-	-	-
• Changes in Vehicle Maintenance Staffing Levels	-	(6,045)	(6,045)
• Technical Adjustment/Transfer Systems Application Programmer to IT Department	(1.00)	(82,808)	(82,808)
• Rebudget: Vehicles	-	83,000	-
<i>Regulate/Facilitate Private Development (Public Works)</i>			
• Public Works Fee Program	(12.61)	(1,093,289)	(1,093,289)
• Fiber Optics Program	(3.00)	(223,722)	(223,722)
• Capital Program Positions Redeployment	(0.95)	(94,844)	(98,444)

# Approved Investments

## Economic and Neighborhood Development CSA (Cont'd)

Budget Changes*	Positions	2002-2003 All Funds (\$)	Ongoing (\$)
<b>Outcome: Safe, Healthy, Attractive and Vital Community (Cont'd.)</b>			
<i>Strategic Support (Fire)</i>			
• Fire Fee Program	(0.80)	(45,653)	(45,653)
<i>Strategic Support (PBCE)</i>			
• Public Information Marketing and Outreach	(0.20)	(19,659)	(19,659)
• Network Maintenance and Support	-	96,120	-
• Rebudget: Website Consultant	-	55,000	-
<i>Strategic Support (Public Works)</i>			
• Capital Program Positions Redeployment	(0.15)	(10,382)	(10,382)
<i>Citywide Expenses</i>			
• Neighborhood Clean Up Program Expansion	-	363,514	363,514
• Richmond/Menker Apartment Improvements	-	65,000	-
• Palm Haven Pillars Restoration	-	10,000	-
• Miscellaneous Rebudgets	-	770,113	-
<i>Subtotal</i>	(50.01)	(3,280,945)	(4,934,564)
<b>Total Budget Changes Approved</b>	<b>(28.01)</b>	<b>(857,819)</b>	<b>(3,028,582)</b>

\* Details on budget changes listed above are presented in Department Core Services section





# Environmental and Utility Services



***Mission:*** Provide environmental leadership through policy development, program design and reliable utility services.

The residents and businesses in San Jose have once again proven to be environmental leaders for their dedication in helping achieve a 10-year recycling goal. San Jose is the first large city in California to meet California's mandate to divert at least 50% of their solid waste going to landfills by the year 2000. The total amount of residential recyclables collected in San José since 1987 is estimated at 2.8 million tons. This volume includes enough newsprint, for example, to save 4 million trees — equivalent to 4,000 acres or an area the size of Almaden Quicksilver Park.

During this year's Earth Day celebration the City along with Caltrans, Valley Transportation Authority and Santa Clara County launched the *Pick Up San Jose* anti-litter campaign, modeled after the City's very successful anti-graffiti program. Over 650 volunteers participated in the clean-up, with the goal to make San Jose the cleanest big city in America, and collected over 960 bags of litter. The launch of this program also involved several City departments, including Parks, Transportation, Environmental Services and Code Enforcement. An assessment of this program will be conducted in the Fall for Council consideration to ensure its future success.

New enhanced recycling services began on July 1, 2002. This new collection system has been carefully planned and pilot tested at 10,000 households in San Jose. Based on the positive response from the participants in the pilot program, all residents will have new wheeled recycling carts that will make recycling easier. Advances in technology make it possible for automated equipment to sort the recyclables and residents no longer need to sort their recyclables into separate bins.

Other key trends within the Environmental and Utility Services city service area involves the way in which policies are developed. Environmental programs are being implemented on a more regional collaborative basis. More emphasis is being placed on good data, performance measures, cost-benefit analysis and scientific studies to better monitor the health of the local environment.

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## CSA OUTCOMES

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- Reliable Utility Infrastructure
- Healthy Streams, Rivers, Marsh and Bay
- "Clean and Green" Air, Land and Energy Resources
- Safe, Reliable, Sufficient Water Supply

### *Primary Partners*

Environmental Services

Department of Transportation





# Investment Strategy

The community has made San Jose a leader in providing environmental and utility services, protecting the natural environment, and ensuring a healthy and clean city. It will be important to provide essential services that will continue to ensure the high levels of community participation. Those services include water pollution control, recycling and garbage collection, potable water delivery, and watershed protection.

This year's investment strategies respond to a challenging economic year. This year's budget was developed to ensure that priority services are provided in the most cost-efficient manner possible. Approximately 98% of the activities in this City Service Area are funded through special funds supported by ratepayers receiving the specific services provided. Each fund is closely monitored and efficiencies identified either through redeployed resources, or reducing the budget as appropriate.

Through the City Service Area process, multiple departments worked together to effectively align storm sewer capital fund activities to be consistent with City needs. A rate restructuring in the Storm Sewer Operating Fund was undertaken in 1999 to more equitably distribute costs among the properties served by the system. As a result, single family residential fees were decreased by 15% (from \$47.40 to \$40.48 per year). With adoption of the 2002-2003 budget, annual rate increases of 4% to 4.5% over the next three years were approved to replenish the fund balance, offset the increased costs of permit compliance, and provide funding for capital improvements.

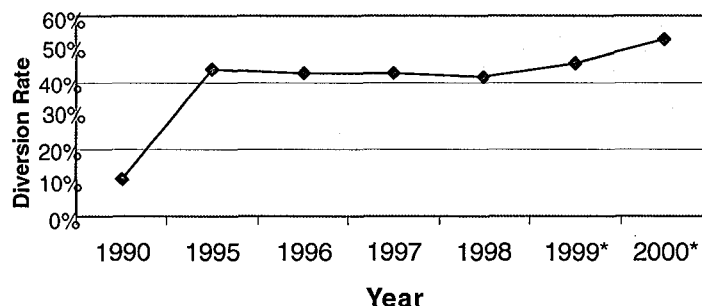
This results in an increase of \$2.00 in 2002-2003 for the average single-family household. The funding strategy developed will restore the ability to provide a modest storm sewer capital program.

Another priority will be to continue to provide residents with the high quality garbage and recycling services, and enhanced services, that they expect. Over the past two years, the City Council has approved a series of service enhancements, including: simplified sorting of recyclables; optional yard trimmings cart collection; a 20-gallon mini garbage cart for avid recyclers; improved neighborhood clean-up; and increased street sweeping. Effective and regular street sweeping contributes to the overall cleanliness of the City, supports neighborhood pride and complements the renewed anti-litter campaign, *Pick Up San Jose*. To ensure effective service, plans are being developed for appropriate signage, outreach to neighborhoods, and anti-litter marketing.

Historically, San Jose has provided services at a lower cost to the residents than most other cities in the County. The Integrated Waste Management Fund strategy strives to keep rates low and provide high service levels while keeping the fund healthy. In order to bring the residential recycling program to cost recovery and maintain the new service enhancements, a five-year rate strategy has been adopted.. During the first year, rate increases effective January 2003 of 3% and 4% have been approved for single-family and multi-family dwellings, respectively. This would result in an increase of 45 cents per month for the average single-family household. Rate increases of no more than 6% annually are proposed for the next two years.

Over the past year, the Environmental Services Department (ESD) has been proactively analyzing the San Jose/Santa Clara Water Pollution Control Plant's Laboratory services to ensure existing resources are being used efficiently to provide high quality services. Permit development and special projects workload has changed. The department began an analysis of the Laboratory to align its structure and resources to more efficiently support its current services and workload.

**San Jose Solid Waste Diversion**



\*Biennial review not completed yet. Preliminary data.

# Performance by Outcome

## *Outcome 1: Reliable utility infrastructure*

5 Year Strategic Goals	CSA Performance Measures	2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A. Plan and build the City's utility infrastructure networks	1. % of utility CIP projects completed within 10% of budget estimate	85%	-	81%	70%
	2. % of CIP projects completed within the total dollar amount authorized in the Council award memo	80%	-	81%	70%
	3. % of utility CIP projects completed within the year scheduled for completion	85%	-	89%	70%
	4. % of utility CIP projects completed within the year scheduled in the award	85%	-	89%	85%
B. Preserve the City's utility infrastructure to optimize service delivery capabilities	1. % utility assets in working condition				
	- SJ/SC Water Pollution Control Plant	95%	-	99%	95%
	- Sanitary Sewer lines	99%	-	98%	98%
	- Storm Sewer lines	99%	-	98%	98%
	- SJ Municipal Water	95%	-	95%	95%
	- South Bay Water Recycling	95%	-	99%	95%
	2. % of customers rating service as good, based on reliability, ease of system use and lack of disruption	90%	86%	83%	85%
C. Provide for collection, disposal & processing of solid waste	1. % of waste diverted from landfills (State Goal: 50%)	>50%	-	53%*	54%
	2. % of residents rating collection services as good or excellent	92%	88%	85%	85%

\* Biennial review not completed yet. Preliminary data.

## Reliable Utility Infrastructure

The collection of recycling and garbage is one of the utilities managed within the Environmental and Utility City Service Area. In addition to the proposed residential rate changes, a proposal to remove the Disposal Facility Tax exemption for some materials used as Alternate Daily Cover (ADC) at landfills has been approved by the City Council. With this change, some material classified as ADC will be subject to the Disposal Facility Tax of \$13.00 per ton. It is estimated that this change will result in annually raising an additional \$1.8 million in revenues for the General Fund.

At the San Jose/Santa Clara Water Pollution Control Plant's (Plant) planning efforts are underway to increase the current wet weather flow capacity. Currently wet weather flow capacity is 271 mgd (million gallons per day). The Plant has experienced peak storm flows of

up to 320 mgd which has forced the overloading of certain treatment processes. Consequently Plant staff has completed a study to assess the Plant's infrastructure and to increase its wet weather operational capacity to 400 mgd. Construction is anticipated to start in 2003-2004 and continue through 2005-2006.

# Performance by Outcome

## Outcome 2: Healthy streams, rivers, marsh and bay

### Healthy Streams, Rivers, Marsh and Bay

Over the last 10 years, the City has invested considerable efforts toward protecting local streams, rivers and the San Francisco Bay salt marsh habitat. The 120 million gallons per day flow trigger continues to be an ongoing challenge, as well as meeting requirements for water quality of the treated effluent and of stormwater that discharges to the Bay. In 2001-2002, for the fourth consecutive year, the San Jose/Santa Clara Water Pollution Control Plant (Plant) maintained its discharge flows below the 120 million gallons per day trigger set by the State to protect wildlife habitat.

Within this outcome, renewing the two five-year National Pollutant Discharge

Elimination System permits for the Plant and Storm Drain system is a priority. The Stormwater Permit was re-issued last February, except for the provision relating to new construction and redevelopment, which was issued in October.

Achieving and implementing these renewals will require a strategy that will involve key stakeholders and use the most cost-effective flow and pollutant diversion methods while meeting State and Federal regulations.

During the development and implementation of the next permit cycle, plans are to emphasize a proactive watershed approach for the development of the water quality permits.

5 Year Strategic Goals	CSA Performance Measures	2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A. Streams, rivers and bays are fishable and swimmable	1. % of Urban Runoff Management Plan (URMP) tasks completed by target date	100%	100%	100%	100%
	2. % of residents surveyed who understand that any substances that get washed down the street end up in the Bay without treatment through the storm drain system	50%	40%	32%	32%
	3. % of residents surveyed who recycle used motor oil after changing their own oil (only 35% of survey respondents change their own oil, 65% take their vehicle to a shop.)	40%	39%	25%	25%
B. Manage wastewater for suitable discharge into the Bay.	1. Mgd discharged to Bay during average dry weather effluent flow (ADWEF) season	<120 mgd	119 mgd	107 mgd	119 mgd
	2. % of time pollutant discharge requirements for wastewater NPDES permit are met or surpassed	100%	100%	100%	100%
C. Develop, operate, and maintain a recycled water system that reduces effluent to the Bay.	1. Millions of gallons per day diverted from flow to the Bay through recycled water during the average dry weather effluent flows (ADWEF) period	17 mgd	10 mgd ADWEF	10 mgd	11 mgd

# Performance by Outcome

## *Outcome 3: "Clean and green" air, land and energy*

5 Year Strategic Goals	CSA Performance Measures	2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A. Promote improved air quality.	1. % of days San Jose's air is in compliance with regional air quality standards	100%	100%	100%	100%
B. Maintain and re-establish habitat and biological diversity of public lands, wetlands, riparian corridors, and water bodies.	1. % change of threatened and endangered species in lands within San Jose's sphere of influence	New Measure	-	New Measure	New Measure
C. Utilize Green Building Design principals in all Public buildings and encourage their use in Private development	1. % of new and existing buildings incorporating Green Building Guidelines: <ul style="list-style-type: none"> <li>• Public Buildings</li> <li>• Commercial Buildings</li> <li>• Attached Residential</li> </ul>	100% 25% 10%	75% 5% 2%	New* Program	New Program
D. Procure, manage and conserve clean, economical and reliable sources of energy.	1. % of energy conserved in City facilities	15%	10%	12%	12%
E. Reduce, reuse, and recycle solid waste at home, work, and play.	1. % of residents rating the City's job of providing information on how to recycle as good or excellent	85%	81%	78%	81%

\* Program was approved by Council in June 2001, with the policy going into effect July 1, 2002. Currently reviewing existing construction projects and determining to what extent green building measures can be incorporated.

## **"Clean and Green" Air, Land and Energy Resources**

In addition to the transition to new service contractors in 2002-2003, efforts in the last year to promote waste diversion have continued with other programs such as Home Composting and the Construction and Demolition Diversion Deposit program. Also, during last fiscal year, 500 new recycling containers have been placed throughout 133 local parks in San Jose. The new containers are estimated to collect over 3 tons of recyclable aluminum cans, glass and plastic bottles per week. As part of the transition to the new Recycle Plus collection system, all of the collection vehicles will be using alternative fuels, which will benefit air quality.

The City's Green Building Program is a new program created to encourage and facilitate the use of environmental technologies and practices in new and existing buildings. The City is taking a leadership role to ensure all

city facilities incorporate sustainable building technologies and practices. Staff is currently reviewing existing construction projects and determining to what extent green building measures can be incorporated. Upon establishing program resources, plans are to provide cross-training of staff within the City departments of Environmental Services, Public Works and Planning, Building and Code Enforcement.

Energy supply, reliability and cost issues continue to be a concern for the next few years within California. The City of San Jose is looking at all aspects of energy and the impact on city facilities and services for the residents and businesses of San Jose. The City continues to pursue energy efficiency in city operations and encourages the use of renewable and clean energy use, while promoting energy efficiency on a community basis.

# Performance by Outcome

## Outcome 4: Safe, reliable and sufficient water supply

### Safe, Reliable and Sufficient Water Supply

The City plays an important role in ensuring future water supplies through its water conservation and water recycling programs. Both of these programs serve a dual purpose: (1) conserving potable water supplies, and (2) reducing the amount of wastewater to the San Jose/Santa Clara Water Pollution Control Plant. Both programs have been a major factor in keeping flows below the 120 mgd permit trigger.

The South Bay Water Recycling (SBWR) Program has continued to increase the number of customers using recycled water to over 350. As much as 10 mgd has been diverted during the 2001 dry weather season, including a peak flow of 15 mgd. SBWR provides the greatest short-term and long-term flow diversion potential. It has been a critical project in keeping flows below the 120 mgd trigger. Opportunities for further use include the Phase 2 construction plan, and the construction of the Metcalf Energy Center (MEC). In addition to the MEC project, plans for a reservoir will help ensure recycled water reliability to all of SBWR's customers.

A small amount of capital funding will be set aside for outreach along the Phase 2 South Bay Water Recycling pipeline in south San Jose. This funding will provide pro-active communication with the citizens in the affected area, prior to and during the construction and expansion of the SBWR pipeline.

Opportunities also remain to achieve water conservation from indoor water use. To date it is estimated that 80% of multi-family dwellings and 55% of the single-family dwellings within the Plant's tributary area have been retrofitted with ultra-low flush toilets, based on pre-1992 housing data. Plans are to continue toilet retrofit programs, focusing on targeted audiences. The Water Efficiency Program will also investigate new technologies for their flow reduction potential and feasibility of implementation.

5 Year Strategic Goals	CSA Performance Measures	2002-2007 5-yr Goal	2001-2002 1-yr Target	2001-2002 Estimate	2002-2003 1-yr Target
A. Decrease reliance on imported water.	1. Mgd of water conserved and recycled	20.2 mgd	15 mgd	14.9 mgd	15.7 mgd
B. Public is educated regarding water conservation, and the safe and appropriate use of recycled water and water resources.	1. % of residents rating City's job at showing people to conserve water as good or excellent based on awareness	55%	42%	49%	49%
	2. % of residents cutting back on water use as much as they can	70%	65%	79%	80%
	3. % of residents who are in favor of using recycled water	70%	65%	77%	80%
C. Meet or exceed drinking and recycled water quality standards.	1. % of San Jose Municipal Water Company drinking water samples meeting or surpassing State and Federal Water Quality Regulations	100%	100%	100%	100%
	2. % of time recycled water meets or surpasses state recycled water standards (title 22)	100%	100%	99%	100%

# Approved Investments

## Environmental and Utility Services CSA

Budget Changes*	Positions	2002-03 All Funds (\$)	Ongoing (\$)
<b>Outcome: Reliable Utility Infrastructure</b>			
<i>Strategic Support (ESD)</i>			
• Reallocate Information Systems Analyst	(1.00)	(79,724)	(79,724.00)
• Video Conferencing	-	100,000	-
<i>Sanitary Sewer Management (Transportation)</i>			
• Transfer Fire Hydrant Maintenance to Water Service Providers	(0.65)	659	659
• Rebudget: Utility Trucks and Sanitary Sewer Pumps	-	235,000	-
<i>Storm Sewer Management (Transportation)</i>			
• Transfer Fire Hydrant Maintenance to Water Service Providers	(4.45)	(420,174)	(420,174)
• Improve Cleanliness of Residential Streets	-	295,000	95,000
<i>Manage Recycling and Garbage Services (ESD)</i>			
• Rebudgets: Integrated Waste Management Infrastructure	-	988,000	-
<i>Manage Urban Runoff Quality (ESD)</i>			
• Rebudget: Watershed Database Design and Management	-	48,613	-
<b>Subtotal</b>	<b>(6.10)</b>	<b>1,167,374</b>	<b>(404,239)</b>

### Outcome: Healthy Streams, Rivers, Marsh and Bay

<i>Manage Recycled Water (ESD)</i>			
• Environmental Services Staffing Efficiencies	(0.25)	(16,736)	(16,736)
• Laboratory Management Plan Implementation	1.00	129,505	129,505
<i>Manage Wastewater (ESD)</i>			
• Laboratory Management Plan Implementation	(9.10)	(926,282)	(926,282)
• Environmental Services Staffing Efficiencies	(1.60)	(122,302)	(122,302)
• Rebudget: Vehicle Addition	-	35,000	-
<i>Manage Urban Runoff Quality (ESD)</i>			
• Laboratory Management Plan Implementation	0.10	9,227	9,227
• Environmental Services Staffing Efficiencies	(0.15)	(6,430)	(6,430)
• Rebudgets: Watershed and Urban Runoff	-	460,000	-
<b>Subtotal</b>	<b>(10.00)</b>	<b>(438,018)</b>	<b>(933,018)</b>

#### CORE SERVICES

#### ENVIRONMENTAL SERVICES

Manage Recycling and Garbage Services

Manage Potable Water

Manage Recycled Water

Manage Wastewater

Manage Urban Runoff Quality

Protect Natural and Energy Resources

#### TRANSPORTATION

Sanitary Sewer Maintenance

Storm Sewer Management



# Approved Investments

## Environmental and Utility Services CSA (Cont'd)

Budget Changes*			
	Positions	2002-03 All Funds (\$)	Ongoing (\$)
<i>Outcome: "Clean and Green" Air, Land and Energy Resources</i>			
<i>Manage Recycling and Garbage Services (ESD)</i>			
• Enhance Public Area Recycling Program	-	260,655	-
• Rebudgets: Garbage & Recycling Programs	-	683,022	-
<i>Subtotal</i>	-	943,677	-
<hr/>			
<b>Total Budget Changes Approved</b>	<b>-16.10</b>	<b>1,673,033</b>	<b>(1,337,257)</b>

\* Details on budget changes listed above are presented in Department Core Services section